

Market Insight: Indonesia

July 2020

Summary

- Following a challenging four months, the Indonesian Government decided to slowly lift partial lockdown measures. However, challenges remain as not all provinces have implemented lockdown measures consistently and concerns remain about coronavirus infections continuing across the country.
- Opportunities exist to provide capacity building programs as well as edtech products and services
- Competitor markets such as the United Kingdom and the United States of America (USA) are becoming less desirable study destinations for Indonesian parents who are attracted by Australia's image of a safe place to send their students.
- Transnational Education (TNE) will be attractive for the middle to upper-middle market who will be looking for in-market delivery, pathway programs or online joint/double degree programs.

Current Market Status and Coronavirus Responses

In relation to international travel, repatriation of migrant workers, students and Indonesian citizens from abroad is now permitted.

In June, the Indonesian Government is exploring the concept of 'travel bubbles' to allow the resumption of travel to and from potentially four countries, including China, South Korea, Japan and Australia. However, given the high rates of infection in the country it is unlikely to take place in the near future. ¹

Economic/GDP forecast

Although Indonesia is slowly opening up for business, the economy is expected to face a long period of recovery.

The Rupiah weakened significantly when the pandemic first hit the country but due to aggressive intervention by Bank Indonesia and the announcement of the economic rescue packages by the government, the currency has not continued to depreciate. The Asian Development Bank (ADB) has forecast Indonesia's Gross Domestic Product (GDP) to shrink to one percent this year.

Education system highlights:

The coronavirus pandemic has caused significant disruption to the schooling system. Schools were closed and have been delivering education online since March 2020.

¹ <https://www.adb.org/sites/default/files/publication/612261/ado-supplement-june-2020.pdf>

Private education providers in Jakarta transitioned to online delivery easily because they had in place sufficient infrastructure, technology and human resource capability. Indonesia's Ministry of Education offered assistance to schools in online learning by providing free teaching platforms, but for schools in remote areas or areas with limited infrastructure and smaller cities with poor internet connection, schooling has ceased.

For public schools without online learning resources, free online learning platforms such as *Ruangguru* and *Zenius* were made available to provide content primarily to the 148,000 elementary schools, 38,900 junior high schools and 13,400 senior high schools. The Ministry of Education partnered with a state-owned television network to develop a *Learning from Home* educational television program to assist the distance learning process. The Ministry of Education also worked with Google to employ Google Classroom and develop the online learning platform SPADA (*Sistem Pembelajaran Daring Indonesia*) to share materials.

The Ministry of Education has confirmed that Indonesia's new academic year will commence on 13 July 2020 through online/remote delivery with six per cent of elementary schools allowed to commence face-to-face learning activities. High schools have been permitted to commence face-to-face learning activities in July 2020.

The coronavirus pandemic has also resulted in the cancellation of national exams, for all elementary, junior high school, senior high school students, International Baccalaureate (IB), Cambridge IGCSE, O-Level and A-Level. Thus, Victorian education providers will need to consider modifying entrance requirements to attract Indonesian students.

The pandemic is likely have an impact on the number of the Indonesian government scholarship places offered in 2020 and 2021. It is expected that the number of Indonesian government scholarship students will decrease as ministerial budgets have been reduced to prioritise resources for the management of the pandemic.

Opportunities

Study Abroad Market

- Although most businesses and family finances have been affected by the pandemic, it is predicted that interest in studying abroad amongst the high-end market segment, will remain strong. This is because, for the upper middle to high end market segments, study abroad is not only about obtaining a quality education, but also social status which cannot be compromised.
- The recent social unrest and visa implications for students studying online in the USA has also made parents reconsider sending their children to study there.
- The high number of coronavirus cases in many European countries has alarmed parents, and the low number of cases in Australia, coupled with Australia's management of the pandemic has strengthened its position as a safe study destination.

Transnational Education (TNE) Market

It is predicted there will be a considerable proportion of parents and students from the middle to upper-middle market segment who are:

- financially affected by the coronavirus pandemic
- experiencing anxiety and prefer to keep their children at home
- waiting for the Rupiah and their business to stabilise.

This middle to upper-middle market can be targeted for in-market delivery, pathway programs or online joint/double degree programs.

For Victorian providers interested in establishing an international campus in Indonesia, the Indonesia-Australia Cooperative Economic Partnership Agreement (IA-CEPA) allows Australians to own 67 percent of vocational education and training institutions in Indonesia, up from 49 percent previously.

Adoption of Education Technology (Edtech)

A reliance on online education is predicted to remain strong and the Ministry of Education is likely to require schools, polytechnics and universities to invest and upgrade their online delivery. Opportunities exist to provide capacity building programs as well as edtech products and services.

Contacts and further information

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